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and Certain of its Affiliates

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re : **Chapter 11 Case No.**
LEHMAN BROTHERS HOLDINGS INC., et al., : **08-13555 (SCC)**
Debtors. : **(Jointly Administered)**
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**DECLARATION OF ALFREDO R. PÉREZ
IN SUPPORT OF ORDER TO SHOW CAUSE TO CONSIDER
THE MOTION OF LEHMAN BROTHERS HOLDINGS INC. PURSUANT TO
BANKRUPTCY RULE 9019 FOR APPROVAL OF SETTLEMENT AGREEMENT
REGARDING CLAIMS OF FEDERAL HOME LOAN MORTGAGE CORPORATION**

I, Alfredo R. Pérez, being fully sworn, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am an attorney admitted to practice before this Court and a partner of Weil, Gotshal & Manges LLP, attorneys for Lehman Brothers Holdings Inc. (“LBHI” and the “Plan Administrator”), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors. Unless otherwise indicated, I have knowledge of the facts set forth herein from various employees of the Plan Administrator and from the Plan Administrator’s professionals.

2. I submit this declaration in support of the Order to Show Cause (the “Order to Show Cause”) in connection with the Plan Administrator’s motion, dated February 12, 2014 (the “Motion”), pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure, seeking approval of a settlement agreement regarding the Freddie Mac Claims,¹ all as more fully described in the Motion.

3. Pursuant to the Second Settlement Procedures Order, the Motion requires at least 10 business days’ notice. The Plan Administrator is requesting an order to shorten the notice period ordinarily required and setting February 19, 2014 as the date for the hearing on the Motion.

The Need for Shortened Notice with Respect to the Motion

4. The Plan Administrator is seeking approval of a Settlement Agreement among LBHI, Aurora, ALS and Freddie Mac. A fully executed copy of the Settlement Agreement is attached to the Motion as Exhibit A.

5. The Settlement Agreement will result in the following benefits to LBHI and its creditors:

- Freddie Mac will assign to LBHI the Freddie Mac Claims, including Freddie Mac’s rights to distributions on account of such claims, and all disputes and claims between the Parties will be resolved, in exchange for a one-time cash payment of \$767 million by LBHI to Freddie Mac;
- LBHI will be relieved of its obligation to maintain a cash reserve of \$1,202,241,875.00 (the “Priority Reserve”) on account of the Loan Claim. The immediate release of the Priority Reserve would make hundreds of millions of incremental dollars available for prompt distribution to LBHI’s creditors as part of the fifth distribution;
- Freddie Mac will provide the Plan Administrator with certain documents and information that will allow the Plan Administrator to pursue

¹ Capitalized terms used but not defined in this Declaration shall have the meanings ascribed to them in the Motion.

indemnity claims against various third parties for breaches of representations and warranties made to Lehman in connection with Lehman's pre-petition residential mortgage loan business; and

- Freddie Mac will release any other claims it may have against LBHI and its affiliates, including Aurora and ALS.

6. Expedited approval is necessary for two reasons. First, as set forth in the Motion, the Freddie Mac Claims, which are comprised of the Loan Claim and the Indemnity and Servicing Claims, are two of the largest remaining claims against LBHI. LBHI is currently holding (i) a cash reserve of \$1,202,241,875 on account of the Loan Claim, which is asserted as a priority claim by Freddie Mac, and (ii) a substantial unsecured claim reserves on account of the Indemnity and Servicing Claims. The assignment of the Freddie Mac Claims and release of the Priority Reserve would make hundreds of millions of incremental dollars available for prompt distribution to LBHI's creditors as part of the fifth distribution, which is scheduled to occur on or about March 30, 2014. It would, therefore, be extremely helpful to the Plan Administrator to have certainty with respect to the approval of the Settlement Agreement as far in advance of the fifth distribution date as possible to facilitate the distribution process.

7. Second, the Settlement Agreement provides for Freddie Mac to turn over certain information to the Plan Administrator which is expected to enable the Plan Administrator to pursue indemnification claims against the Mortgage Originators. The sooner the Plan Administrator is able to obtain this information, the more successful it is likely to be in obtaining recoveries from the Mortgage Originators. Cause, therefore, exists to shorten the notice period ordinarily required for the Motion.

8. Accordingly, the Plan Administrator requests that the Court enter the Order to Show Cause so that the Motion can be considered on **February 19, 2014 at 10:00 a.m.**

(**Prevailing Eastern Time**), with objections and responses, if any, to be received by **February 18, 2014 at 12:00 p.m. (Prevailing Eastern Time)**.

9. No previous request for the relief sought herein has been made by LBHI or the Plan Administrator to this or any other court.

Dated: February 12, 2014
Houston, Texas

/s/ Alfredo R. Pérez

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